



May 21, 2009

Mayor Chuck Reed  
200 E. Santa Clara Street  
San José, CA 95113

Dear Mayor Reed,

The City of San José is the heart of Silicon Valley and thrives under the spirit of collaborative and innovative approaches to problem-solving. Collaboration opens opportunities for thinking outside the box and being creative in addressing issues and problems. As such, we are taking the uncommon step of offering a broad, multi-issue Budget Document for several reasons:

First, the Proposed FY 2009-2010 Operating Budget included a large number of service reductions with serious impacts on the well-being of our residents. Responding to the enormity of those impacts requires attention to numerous reinstatement recommendations. While we are currently facing a tough economic state, we believe that our economy will recover as it has in the past. At this time, we want to address and preserve the essential services using one-time funding and continue working together to solve long-term budget issues.

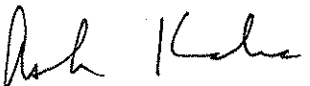
Second, our objective is to respond to the City's budget challenges in a fair and balanced manner. As a City Council, we are working for the well-being of the whole city and need to continue to serve our residents in the best way possible. When service cuts deeply affect the needs of many constituencies, there is a risk that groups will pursue divisive strategies, seeking to restore their program at the expense of others. A comprehensive set of proposals, as we propose herein, can best demonstrate a sincere effort to treat different communities in an equitable manner.

Third, revenues cited in this Budget Document are based on the possibility that specific city bargaining units will make adjustments in their contracts. These bargaining units are still evaluating the impact of these adjustments to their members. Under these circumstances, it is important that city employees can see that San José elected officials will use such revenues in a way that preserves vital municipal services and avoids layoffs to the greatest extent possible.

We would like to thank the City Manager, Debra Figone, and Budget Director, Jennifer Maguire, and their staff for tackling tough issues during the worst budget climate the city has faced in recent history and providing solutions that serve competing interests. We also thank our city employees for their dedication in serving our residents and commitment in solving the current budget issues. Over the last several months, we have been hearing from the residents who attended the community budget meetings, Community Budget Working Group, community based organizations, arts groups, and labor unions. This document is the result of their direct feedback. We thank them for their collaboration, creativity, and for their dedication to the City of San José's success. We look forward to discussing these recommendations during the weeks to come in the budget process.



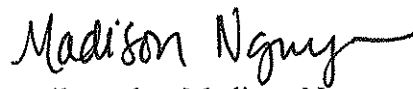
Councilmember Kansen Chu




Councilmember Ash Kalra



Councilmember Nora Campos



Councilmember Madison Nguyen



Councilmember Nancy Pyle



## MEMORANDUM

TO: Mayor Reed

FROM: Councilmember Kansen Chu  
Councilmember Nora Campos  
Councilmember Ash Kalra  
Councilmember Madison Nguyen  
Councilmember Nancy Pyle

SUBJECT: BUDGET DOCUMENT

DATE: May 21, 2009

APPROVED:

DATE: 5/21/09

*Kansen Chu*  
*Nancy Pyle* *Nora Campos* *Ash Kalra* *Madison Nguyen* *Tim*

### RECOMMENDATION

That the following recommendations be enacted.

### BACKGROUND

Because of the severity of the fiscal challenges confronting San José and the scale of reductions included in the Proposed Operating Budget, it is necessary to provide a Budget Document that offers a comprehensive approach to restoring services in a manner that reflects the overall needs of the city and important community priorities. The recommendations included below are divided into three categories: general, specific and Mid-Year. General proposals simply involve the reinstatement of a service proposed for reduction. Specific proposals require additional information about either the manner in which the service will be provided or the source of funding which is employed. Mid-Year proposals suggest strategies that require more analysis but which can potentially generate savings by the middle of FY09/10.

To a significant extent, these recommendations depend on concessions from city bargaining units to provide the needed revenues. In many cases, those bargaining units are still deliberating about whether and/or to what extent they will agree to those contract modifications. Should the revenues from bargaining units fail to become available, the signers of this Budget Document accept the obligation to provide a supplemental memo that adjusts revenues and expenditures to bring the comprehensive strategy into balance.

## **GENERAL PROPOSALS**

### **1. EXPENDITURES**

#### **Reinstatement**

Program/Project Title: Park Ranger Program (VIII-183)

Amount of City Funding Required: \$1,429,783

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

No other personnel are available to provide protection to the public when using, or to protect the parks themselves except the Park Rangers. This recommendation ensures that San José's parks can continue to be used safely by residents.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

☐ Community and Economic Development Services

☐ Environment and Utility Services

☒ Neighborhood Services

☐ Public Safety

☐ Strategic Support

☐ Transportation and Aviation Service

#### **Reinstatement**

Branch Library Hours

Program/Project Title: Branch Library Hours (VIII-168)

Amount of City Funding Required: \$2,036,851

Fund Type (i.e. General Fund, C&C, etc.): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Reducing branch library hours of operation would cause a significant negative impact on San José residents' access to information, computers, programming, job seeking tools, homework assistance, and books. Residents, including children, seniors and job seekers, rely on the public library, especially during tough economic times. During the Great Depression major city libraries stayed open 365 days a year. This reinstatement of funds would preserve public access to our branch libraries and critical resources at least 6 days a week.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

- ☐ Community and Economic Development Services
- ☐ Environment and Utility Services
- ☒ Neighborhood Services
- ☐ Public Safety
- ☐ Strategic Support
- ☐ Transportation and Aviation Services

### **Reinstatement**

Program/Project Title: Dr. Martin Luther King, Jr. Library (VIII-170)

Amount of City Funding Required: \$186,392

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Reducing the hours of operation at service locations in the Dr. Martin Luther King, Jr. Library would cause a significant negative impact on San José residents' access to information.

computers, programming, job seeking tools, homework assistance, and books. Residents, including children, seniors and job seekers, rely on the public library, especially during tough economic times. This reinstatement of funds would preserve public access to the Children's Room and information and assistance at the General Collections and Reference Service Desks. This reinstatement seeks to prevent a decline in circulation, computer usage and reference questions, all core to achieving the Library's mission.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

- ☐ Community and Economic Development Services
- ☐ Environment and Utility Services
- ☒ Neighborhood Services
- ☐ Public Safety
- ☐ Strategic Support
- ☐ Transportation and Aviation Services

**Reinstatement**

Program/Project Title: Library System-Wide Support Staffing (VIII-169)

Amount of City Funding Required: \$192,451

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Reducing system-wide support would increase turnaround time for 1) returning materials to the shelf, 2) repairing computer equipment, and 3) providing administrative responses to public inquiries and complaints. This will result in decreasing availability and accessibility to materials and computers at the same time decreasing response time will send a message to residents that the library does not prioritize customer complaints. This reinstatement restores availability and

accessibility of materials and computers, as well as allows the library staff to remain responsive to customer complaints.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

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- ☐ Transportation and Aviation Services

**Reinstatement**

Program/Project Title: Satellite and Neighborhood Community Centers (VIII-184)

Amount of City Funding Required: \$868,262

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

It is imperative that the Council minimize reductions that disproportionately impact seniors, children, and low-income residents. San José residents have expressed strong support of these specific centers because of the educational tools and stability they provide at-risk children, the social and health services they provide seniors, and the job-search resources they provide low-income residents. The closure of the centers will cause a decline in overall senior participation at remaining senior and community centers. This recommendation ensures the ongoing operation of Los Paseos Youth and Family Center, St. James Senior Center, Northside Community Center, Capitol Park/Goss Neighborhood Center, Alma Community Center and Hank Lopez Community Center.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

☒ One-Time    ☐ Ongoing

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- ☐ Community and Economic Development Services
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- ☐ Transportation and Aviation Services

**Reinstatement**

Program/Project Title: City Hall Custodial Services Staffing (VIII-119)

Amount of City Funding Required: \$491,333

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

The proposed reduction would dramatically reduce our capacity to maintain favorable facility conditions at City Hall - the signature public facility in San José and a major public investment.

This reinstatement ensures that we support our investment and preserve a basic level of maintenance service quality for our residents, community groups and businesses who utilize City Hall facilities.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

☒ One-Time    ☐ Ongoing



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**Reinstatement**

Program/Project Title: Police Activities League Maintenance (VIII – 191)

Amount of City Funding Required: \$72,162

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Parks custodial services are currently overstretched, thus the proposed reduction will likely cause the PAL Stadium's quality to deteriorate. The stadium is important to youth outreach and crime-prevention programs, and hosts many events that generate revenue for the City. This reinstatement will maintain favorable conditions for safe playtime for children and continue drawing events and visitors to the stadium.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

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**Reinstatement**

Program/Project Title: General Code Enforcement Program (VIII-206)

Amount of City Funding Required: \$237,460

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Elimination of 2.35 Code Enforcement positions will have an immediate and extensive negative impact on non-SNI/CDBG neighborhoods in San José, increasing response times by 600% in these areas and eliminating the proactive resolution of up to 1,400 violations per year. This reinstatement would ensure that San José preserves its capacity to respond proactively to code violations that impact our neighborhoods.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

- ☐ Community and Economic Development Services
- ☐ Environment and Utility Services
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- ☐ Public Safety
- ☐ Strategic Support
- ☐ Transportation and Aviation Services

**Reinstatement**

Program/Project Title: Traffic Calming Program Staff (VIII-258)

Amount of City Funding Required: \$352,052 (\$257,491 from General Fund)

Fund Type (i.e. General Fund, C&C funds, etc): \$257,491 from General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Reducing the resources available to perform data collection and engineering services to determine the most effective traffic calming measures would result in limiting services to only safety and mandated activities. Residents would see a reduction in percentage of roadway signs and markings installed within 35 days from 58% to 40%. San José residents have been clear that safety on our roads is a priority for them. This reinstatement will allow City staff to continue to provide effective data-based responses to traffic problems in a timely manner.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

☐ Community and Economic Development Services

☐ Environment and Utility Services

☐ Neighborhood Services

☐ Public Safety

☐ Strategic Support

☒ Transportation and Aviation Services

**Reinstatement**

Program/Project Title: Help Desk Staffing (VIII-157)

Amount of City Funding Required: \$346,715

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Reducing the resources available to respond to requests for technical support will lead to delays in response times and ultimately impact City employees' ability to serve the public. In this

computer age, technology significantly enhances customer service and when it breaks down, it greatly impedes serving residents and community members. In the Capitol of Silicon Valley, poor use of technology furthers public stereotypes of government as slow and inefficient. This reinstatement will allow City staff the technical support they need to best serve the public.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

☒ One-Time    ☐ Ongoing

The City Service Area to which this change best relates:

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**Reinstatement**

Program/Project Title: Risk Administration Administrative Staffing (VIII – 142)

Amount of City Funding Required: \$190,818

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Elimination of risk administration administrative staffing would delay or cancel studies, reports, and analysis related to Workers' Compensation and Injury reports, hindering the City's ability to anticipate and prevent costly injuries. The City can improve the efficiency of its administrative and preventative operations with good information. This restoration ensures the City will continue to meet State and federal laws and is able to develop better safety programs.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

☒ One-Time    ☐ Ongoing

The City Service Area to which this change best relates:

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- ☐ Public Safety
- ☒ Strategic Support
- ☐ Transportation and Aviation Services

### **Reinstatement**

Program/Project Title: Workers' Compensation Claims Staffing (VIII-142)

Amount of City Funding Required: \$201,083

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Reducing workers' compensation claims staffing would unduly increase the caseload per adjuster and impair their ability to process claims in a timely and efficient manner, and therefore may increase costs for the City. Adjusters need sufficient time and resources to proactively investigate claims to determine their legitimacy and appropriate levels of compensation. Given the deteriorating economic climate, employees will have a more dire need for their claims to be processed quickly and thoroughly. This reinstatement would ensure that the current well-trained, experienced adjusters can make the best decisions to keep costs down for the City while protecting the health of San José workers.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

☒ One-Time    ☐ Ongoing

The City Service Area to which this change best relates:

- ☐ Community and Economic Development Services
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### **Reinstatement**

Program/Project Title: Cultural Grants (X-52)

Amount of City Funding Required: \$200,000 for Arts Operating Grants

Fund Type (i.e. General Fund, C&C funds, etc): Transient Occupancy Tax Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Reducing cultural grants for operating by \$1 million would devastate Arts organizations already facing declining private individual and foundation contributions and earned revenue. These grants serve as one of the few sources of unrestricted operating money that allows arts organizations to fund their infrastructure that keeps their doors open. San José has already suffered the loss of some arts organizations. San José's arts organizations provide cultural programming for a broad range of people of all income and ethnicities. Without the existing organizations, the access to the arts by residents of all income levels and all ethnicities will be severely impacted. Combined with the detailed budget proposals made to the Arts Commission on May 13<sup>th</sup>, this reinstatement would assist arts organizations to stay afloat, provide quality programming to all residents, and as documented in a recent study, leverage these funds on a 1:7 ratio by raising matching dollars.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

- ☐ Community and Economic Development Services
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### **Reinstatement**

Program/Project Title: General Fund Community Based Organization Funding (MBA #8)

Amount of City Funding Required: \$200,000

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Community Based Organizations play a critical role in the provision of services to residents. Community Based Organizations leverage City funds and raise significant private matching dollars to enhance the quality and quantity of services provided. This reinstatement would provide \$200,000 to lessen the impact on the services provided by all currently funded organizations except the Arena Authority, the Sports Authority and those organizations not targeted for any reduction in the MBA #8 dated May 12, 2009.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time         Ongoing

The City Service Area to which this change best relates:

- ☐ Community and Economic Development Services
- ☐ Environment and Utility Services
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- ☐ Transportation and Aviation Services

**Reinstatement**

Program/Project Title: Decorative Fountains Maintenance Staffing (VIII-192)

Amount of City Funding Required: \$64,683

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Decorative Fountains are a key feature that make several parks attractive, including the Municipal Rose Garden, Overfelt Gardens and Guadalupe River Park and Gardens more attractive to users. Fountains are a popular aspect of the revenue raising uses of the parks, such as for weddings and photography. Discontinuation of the fountains could lead to a reduction in revenue. Reinstatement of the relatively low cost of maintaining these fountains would allow the community to fully enjoy these City assets.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

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**Reinstatement**

Program/Project Title: Overhead Costs to the Convention Center (XI-25)

Amount of City Funding Required: \$247,996

Fund Type (i.e. General Fund, C&C, etc.): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

This reinstatement will eliminate \$247,996 in overhead charges that are proposed to be assigned to the Convention Center operating fund (Fund 536). Increasing overhead costs would have a deleterious effect on the Convention Center, which is struggling to deal with the consequences of the recession while trying to effectively prepare for a major expansion project. This reinstatement will help preserve General Fund revenue production through the construction phase of the Convention Center expansion project and reduce the amount of oversight charges to a justified level based on city services provided.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

☒ Community and Economic Development Services

☐ Environment and Utility Services

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☐ Transportation and Aviation Services

**Reinstatement**

Program/Project Title: Convention and Visitors Bureau Marketing Program Funding (IX-9)

Amount of City Funding Required: \$337,089

Fund Type (i.e. General Fund, C&C, etc.): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

The City Manager's proposed budget includes a \$660,000, or 32%, reduction to the Convention and Visitors Bureau's (CVB's) TOT funding from the General Fund. This reinstatement would limit reductions to the CVB to the same percentage decrease as other non-public safety departments or 15.9% (\$322,911), restoring \$337,089 in funding to the CVB. This restoration will limit staffing impacts to ensure that the City has a sales force to continue to generate business at the Convention Center and local hotels and market the new proposed expanded and renovated Convention Center during construction.

Continued investment in sales and marketing functions is necessary to ensure the success of our long term capital investments with the Convention Center. Moreover, we must keep our commitment to local hotels, especially as they are looking to invest and support the proposed Convention Center expansion and renovation project. Hotel leaders already support additional marketing initiatives that leverage the City's investment in the San Jose CVB. Additional reductions to CVB could risk our hotel partnership and investment in the proposed convention center expansion and renovation.

Finally, the City Manager's proposal does not reflect the 37.5% reduction in Transient Occupancy Tax revenue not realized in FY 2008-2009. Unlike other non- profits, CVB is required to pay back the City if TOT projections actualize lower than expected. For FY 2008-2009 and FY 2009-2010, CVB will be paying back or reducing their budget by \$725,000 to reimburse the City for the TOT funds provided at the beginning of the year based on original projections. CVB has already made major reductions in staffing levels and expenses, as a result of this severe drop in TOT. Additional reductions to CVB's funding levels would impact sales staffing and create a direct negative impact on hotel room night production in San Jose, thus reducing revenue back to the City's General Fund, arts programming and Convention Center operations fund.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

☒ One-Time    ☐ Ongoing

The City Service Area to which this change best relates:

☒ Community and Economic Development Services

☐ Environment and Utility Services

☐ Neighborhood Services

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☐ Transportation and Aviation Services

### **Reinstatement**

Program/Project Title: Crime Prevention Staffing (VIII-224)

Amount of City Funding Required: \$673,494

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Crime prevention is a community investment that reduces both criminal activity itself as well as the public costs associated with crime. Eliminating the Crime Prevention Unit would have significant negative impacts on a variety of successful community education and crime prevention programs, including Neighborhood Watch, the Safe Alternatives and Violence Education Program (SAVE), Challenges and Choices, as well as gang and drug and alcohol awareness programs. This recommendation would ensure that the city continues to invest a relatively small amount to leverage substantial community awareness and involvement in crime prevention and community safety support.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

☒ One-Time    ☐ Ongoing

The City Service Area to which this change best relates:

- ☐ Community and Economic Development Services
- ☐ Environment and Utility Services
- ☐ Neighborhood Services
- ☒ Public Safety
- ☐ Strategic Support
- ☐ Transportation and Aviation Services

### **Reinstatement**

Program/Project Title: Police Patrol Unit Staffing (VIII-216)

Amount of City Funding Required: \$500,000

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

San José has a significantly understaffed police department compared to other large cities.

Reducing our law enforcement capacity even further threatens the safety of our communities and there is no guarantee that we will receive federal funding under the COPS Hiring Recovery Program to mitigate the impact of these cuts. This reinstatement would restore a part of the reduced police patrol staffing to preserve community policing, self-initiated officer responses, and to protect the safety of our neighborhoods and residents.

### **Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

- ☐ Community and Economic Development Services
- ☐ Environment and Utility Services
- ☐ Neighborhood Services

X Public Safety

☐ Strategic Support

☐ Transportation and Aviation Services

### **Reinstatement**

Program/Project Title: Police Horse Mounted Unit Staffing (VIII-216)

Amount of City Funding Required: \$1,055,336

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

San José has a significantly understaffed police department compared to other large cities. This reduction would further reduce community policing, parks patrol and crowd control during special events. The Horse Mounted Unit is an especially visible presence that can deter crime and build positive relationships between community members and law enforcement. In tough times, citizens need strong symbols of their government's commitment to their safety. This restoration would ensure the continued protection of our neighborhoods and build residents' confidence in the Police and the City.

### **Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

☐ Community and Economic Development Services

☐ Environment and Utility Services

☐ Neighborhood Services

X Public Safety

☐ Strategic Support

☐ Transportation and Aviation Services

**Reinstatement**

Program/Project Title: Police Records Staffing (VIII-219)

Amount of City Funding Required: \$360,789

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Eliminating Police Data Specialist positions would exacerbate the backlog of records entry, including crime data, impacting the reliability and timeliness of data accessed by field officers. The Police department is under increasing pressure to provide information to citizens, private companies and insurance providers in a timely way. This recommendation will ensure law enforcement and citizens have the best information to make decisions about public safety.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

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☐ Environment and Utility Services

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**Reinstatement**

Program/Project Title: Police Traffic Enforcement Unit Staffing (VIII-217)

Amount of City Funding Required: \$790,810

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Elimination of a Traffic Enforcement Unit team would lower the response and investigation of traffic accidents and neighborhood traffic calming efforts. While the City would prioritize higher risk locations, the reduction of proactive measures will likely lead to increased neighborhood traffic enforcement requests. It will also result in fewer traffic citations and possibly increases in unsafe driving behavior. This reinstatement would preserve the current level of seven Traffic Enforcement Unit Teams to serve the 10<sup>th</sup> largest City in the nation.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

  X   One-Time           Ongoing

The City Service Area to which this change best relates:

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- ☒ Public Safety
- ☐ Strategic Support
- ☐ Transportation and Aviation Services

**Reinstatement**

Program/Project Title: Avoidance of Lay-Offs in Bargaining Units

Amount of City Funding Required: Balance remaining from Revenues in this Budget Document after Specific Reinstatements have been funded

Fund Type (i.e. General Fund, C&C funds, etc): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

After City Staff have reviewed the revenue recommendations in this Budget Document

and after the specific reinstatements have been achieved, it is likely a revenue balance will remain. To the greatest extent possible, these funds should be used to avoid lay-offs in the bargaining units that have adjusted their contracts to maintain services to the people of San José. Good faith consultation between City management and union leaders over this lay-off avoidance strategy will help build a base for cooperation during difficult years ahead.

**Funding Sources** (See Funding Sources List, page 23)

This change is:

☒ One-Time    ☐ Ongoing

The City Service Area to which this change best relates:

- ☐ Community and Economic Development Services
- ☐ Environment and Utility Services
- ☐ Neighborhood Services
- ☐ Public Safety
- ☒ Strategic Support
- ☐ Transportation and Aviation Services



## 2. FUNDING SOURCES LIST

Program/Project Title: General Fund Encumbrances. The City Manager is directed to liquidate \$1 million in encumbrances that have been inactive for 5 years. Encumbrances are located throughout the City's departments.

Amount of City Funding Change: \$750,000

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

As the analysis by the Community Budget Working Group (CBWG) has demonstrated (see Attachment A), the City has \$2,420,533 in encumbered funds that have not been active since June 30, 2004. Since a portion of these encumbrances may still be necessary, this recommendation only suggests liquidating \$1 million or approximately 40% of this total amount.

Program/Project Title: Redevelopment Agency (VIII – 243, See also 2 year Capital Budget of Redevelopment Agency)

Amount of City Funding Change: \$5,000,000

Fund Type: Redevelopment

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

As the analysis by the Community Budget Working Group has demonstrated (see Attachment B), the City has been providing massive, supplemental police services to Redevelopment Project Areas at a cost of approximately \$30 million dollars. Since the RDA should only be charged for supplemental services needed to reduce blight, this recommendation only suggests charging the Agency for \$5,000,000 of these costs (approximately 17% of the total amount). It should be noted that the RDA can also support the General Fund by paying for capital projects currently projected to be paid for out of General Fund resources. The reductions in revenues available to the Agency may require the deferral of low priority capital projects and/or reductions in the Agency operating budget.

Program/Project Title: Interest Earnings from Just-in-Time Fund Transfers

Amount of City Funding Change: \$150,000

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

The analysis by the Community Budget Working Group indicates that transfers of funds to or from the General Fund are not always implemented on a Just-in-Time basis; that is, they do not take place at a time that maximizes interest earnings by the General Fund (see Attachment C).

Although the CBWG suggests that several hundred thousand dollars may be generated by improvements in the timing of transfers, this recommendation assumes a conservative gain to the General Fund of \$100,000 to allow for delays in making use of this strategy.

Program/Project Title: General Purpose Parking Fund – Fund 533 (XI – 39)

Amount of City Funding Change: \$500,000

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

The Parking Fund maintains a reserve for emergencies of \$700,000 and an unrestricted fund balance of \$2,599,638. In order to reduce the severe service cuts included in the Proposed Operating Budget, a transfer of \$500,000 is a moderate action.

Program/Project Title: Neighborhood Improvement Reserve Fund (IX – 37)

Amount of City Funding Change: \$250,000

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

This fund was expressly created to support City Council initiated neighborhood improvements. Protecting neighborhoods from major service reductions is an appropriate use of these reserves.

Program/Project Title: Essential Services Preservation Fund (IX – 37)

Amount of City Funding Change: \$500,000

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

As its name states clearly, this reserve should be used to maintain the kinds of essential services that are reinstated in this Budget Document.

Program/Project Title: Sports Opportunity Fund (Page IX-10)

Amount of City Funding Change: \$50,000

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

Scarce revenues cannot be allocated to sports activities while core City services face severe reductions.

Program/Project Title: Structural Deficit Elimination Project (Page IX-14)

Amount of City Funding Change: \$100,000

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

The City Manager's Office is recommending a \$350,000 addition for the Structural Deficit Elimination Project plus \$100,000 for the Beyond Budget Cuts Program. While serious analytical work may be needed to implement improvements in the efficiency of City services, a \$450,000 augmentation cannot be justified when critical services are facing major reductions. It is suggested this project's budget be reduced by \$100,000 and the work load be absorbed by other staff in the City Manager's Office.

Program/Project Title: City Manager's Downtown Coordinator Staffing Continuation (VIII-60)

Amount of City Funding Change: \$67,497

Fund Type: Redevelopment

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

The work of the Downtown Coordinator is focused largely in downtown redevelopment areas, areas which constitute the lion's share of the "Downtown Core Area" as defined in the San José General Plan. Given that the work of this employee is economic development driven, it is reasonable for the redevelopment agency to cover at least half of the cost of this \$134,995 position. This recommendation would generate \$67,497 in savings to the General Fund.

Program/Project Title: Adjustments to Union Contracts

Amount of City Funding Change:

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

The following bargaining units are considering the following adjustments to their contracts to help the City meet the challenge of the recession. Estimates of revenue impact are derived from the fact sheet prepared by Employee Relations and delivered to bargaining units on May 12, 2009 (see Attachment D). In many cases, the amount is equal to the General Fund savings that would be achieved through a "true zero" strategy – zero percent raise and one year freeze on step increases:

Municipal Employees Federation, AFSCME, Local 101	\$ 3,546,716
Int'l Brotherhood of Electrical Workers, Local 332	\$ 38,298
City Association of Management Personnel	\$ 354,068
Int'l Union of Operating Engineers, Local 3	\$ 402,883
Association of Building, Mechanical and Electrical Inspectors	\$ 6,484
<b>Total</b>	<b>\$ 4,348,449</b>

These funds would be used to maintain critical services for San José residents and prevent layoffs of dedicated staff.

## **SPECIFIC PROPOSALS**

### **RECOMMENDATION**

That the following recommendations be enacted.

### **BACKGROUND**

#### **Reinstatement**

Program/Project Title: Contract Compliance Specialist Position, Office of Equality Assurance (Page VIII-237)

Amount of City Funding Required: \$110,491

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

The loss of compliance staffing for the Living Wage and Prevailing Wage programs would encourage violations and permit behavior contrary to the values of the people of San José. A self-certification program will be inadequate in the absence of staff available to investigate complaints. Retaining this position would allow a complaint-based level of services to be sustained.

#### **Funding Sources**

Program/Project Title: Fines for Violations of Prevailing Wage or Living Wage Ordinances

Amount of City Funding Change: \$110,491

Fund Type: General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below:

It is anticipated that the penalties levied on firms that violate these policies will be sufficient to pay for the costs of the Contract Compliance Specialist Position for the following reasons.

Complaints are likely to be focused on large scale violations. Moreover, the City requires liquidated damages in its contracts. By retaining this position, the City will be able to ensure that policies designed to protect the living standards of workers will be enforced.

This change is:

☒ One-Time    ☐ Ongoing

The City Service Area to which this change best relates:

☐ Community and Economic Development Services

☐ Environment and Utility Services

☐ Neighborhood Services

☐ Public Safety

☒ Strategic Support

☐ Transportation and Aviation Services

## **MID-YEAR BUDGET PROPOSAL**

### **1. Renegotiate all City contracts and leases.**

Given the difficult financial circumstances facing the City that have led us to ask our bargaining units to reopen their closed contracts, to the greatest extent possible, we should also reopen all contracts and leases between the City and private entities to try to renegotiate more favorable financial arrangements for the City. This recommendation applies to contracts and leases that have been in existence for at least one full year.

### **2. Review Litigation.**

In the interest of reducing the considerable expense to the City associated with litigation, we recommend that the City Attorney:

- 1) Review all major legal cases the City has lost over the last 3 years and determine what the City can learn to avoid these losses in the future (for example, has the City lost lawsuits because of poor legal strategy? Have we engaged in risky practices that made us vulnerable to lawsuits?) Provide a report to the City Council in closed session.
- 2) Review all current, open litigation cases and identify the twelve cases that are requiring the greatest staff resources and are least likely to be successful. Provide a report on these cases to City Council in closed session for consideration of whether to continue their pursuit.

### **3. Consolidate the Sports Authority, the Arena Authority and the Convention and Visitors Bureau.**

Given San José's serious fiscal challenges, the City must work to achieve efficiencies by consolidating service delivery. Considering the overlap in marketing, City facilities management, and economic development functions between the Sports Authority, the Arena Authority, and the Convention and Visitors Bureau, these agencies can be consolidated under the Convention and Visitors Bureau to reduce General Fund expenditures. It makes limited fiscal sense to maintain three separate agencies with three different administrative staffs and three different websites to provide these overlapping functions.

#### **4. Benchmark Real Estate Services.**

As part of the new asset management program, the Proposed Budget recommends transferring Real Estate Services from Public Works to General Services and adding \$560,000 for contractual services, primarily to be used for Real Estate brokers. This combination of a change in department and an expansion of asset management responsibilities offers an opportunity to implement a benchmarking plan for Real Estate Services, thereby providing the unit with high performance targets and the opportunity to devise strategies to achieve those goals. The City Manager is directed to return to the City Council with such a benchmarking proposal.

The proposed budget presents little information about how the substantial \$560,000 augmentation for asset management would be used. To the extent the asset management program requires outreach to, and communication with neighborhood residents, city employees would seem to be the most suitable staff to perform those functions. Presumably, routine real estate transactions can probably be carried out by existing personnel. However, more complex real estate contracts will necessitate the use of brokers with special expertise. The City Manager is directed to provide the City Council with a more detailed budget for the use of these funds as she completes the plan for expanding asset management activities.



## Master Budget Document Summary

<b>Expenditures</b>	<b>Page</b>	<b>Amount</b>
Park Ranger Program	VIII-183	\$1,429,783
Branch Libraries Hours	VIII-168	\$2,036,851
Dr. Martin Luther King, Jr. Library	VIII-170	\$186,392
Library System-wide Support Staffing	VIII-169	\$192,451
Satellite and Neighborhood Community Centers (St. James, Hank Lopez, Northside, Alma, Los Paseos, and Capital Park)	VIII-184	\$868,262
City Hall Custodial Services Staffing	VIII-119	\$491,333
Police Activities League Maintenance	VIII-191	\$72,162
General Code Enforcement Workers	VIII-206	\$237,460
Traffic Calming Program Staff	VIII-258	\$352,052
Help Desk Staffing (Info Tech)	VIII-157	\$346,715
Risk Administration Administrative Staffing	VIII-142	\$190,818
Workers' Compensation Claims Staffing	VIII-142	\$201,083
Cultural Grants	X-52	\$200,000
General Fund Community Based Organization Funding	MBA # 8	\$200,000
Decorative Fountains Maintenance Staffing	VIII-192	\$64,683
Overhead Costs to the Convention Center	XI-25	\$247,996
Convention and Visitors Bureau Marketing Program Funding	XI-9	\$337,089
<b>Sub-Total:</b>		<b>\$7,655,130</b>
<i>Public Safety</i>		
Crime Prevention Staffing	VIII-224	\$673,494
Police Patrol Unit Staffing	VIII-216	\$500,000
Police Horse Mounted Unit Staffing	VIII-216	\$1,055,336
Police Records Staffing	VIII-219	\$360,789
Police Traffic Enforcement Unit Staffing	VII-217	\$790,810
<b>Sub-Total</b>		<b>\$3,380,429</b>
<b>Total Expenditures</b>		<b>\$11,035,559</b>

# Master Budget Document Summary

Revenues		Amount
General Fund Encumbrances	Attachment A	(\$750,000)
	VIII-243 & Capital	
Redevelopment Agency	Budget, Attachment B	(\$5,000,000)
Interest from Just-In-Time Transfers	Attachment C	(\$150,000)
General Purpose Parking Fund	XI-39	(\$500,000)
Neighborhood Improvement Reserve Fund	IX-37	(\$250,000)
Essential Services Preservation Fund	IX-37	(\$500,000)
Sports Opportunity Fund	IX-10	(\$50,000)
Structural Deficit Elimination Project	IX-14	(\$100,000)
Shift 50% of cost of Downtown Coordinator to RDA		(\$67,500)
<b>Sub-Total</b>		<b>(\$7,367,500)</b>

Adjustment to Union Contracts (Non-sworn)	(\$4,348,449)
<b>Total Revenues</b>	<b>(\$11,715,949)</b>

## Specific Proposals

### Expenditure:

Contract Compliance Specialist Position, Office of Equality Assurance	VIII-237	\$110,491
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### Revenue:

Fines for Violations of Prevailing Wage or Living Wage Ordinances	(\$110,491)
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<b>Sub-Total</b>	<b>\$0</b>
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